



DIANA M. BONTÁ, R.N., Dr. P.H.  
Director

State of California—Health and Human Services Agency  
**Department of Health Services**



GRAY DAVIS  
Governor

March 31, 2003

Dear Interested Parties:

**MEDI-CAL WORKERS' COMPENSATION RECOVERY PROGRAM REQUEST FOR PROPOSAL  
02-25737 NORTHERN REGION ADMINISTRATIVE BULLETIN 3, ADDENDUM 3.**

Enclosed you will find Administrative Bulletin 3, Addendum Number 3 to the Request for Proposal (RFP) for the Medi-Cal Workers' Compensation Recovery Program (MWCRP) Northern Region. This addendum incorporates changes to the RFP that correct inaccuracies discovered in the review of the RFP. Within the text of the document, changes are highlighted to denote revisions.

Any changes made to the RFP are published as additional or replacement pages to the RFP. Because the RFP is available in hard copy and in an electronic version, two tables are included in this bulletin. The instructions for updating the hard copy version are for the replacement pages enclosed, which are double-sided.

In order to configure the RFP so that it accurately reflects the current requirements and considerations, add the new page or remove the existing page and insert the appropriate replacement page as indicated in the following table:

**HARDCOPY VERSION**

REMOVE EXISTING PAGES	ADD NEW/REPLACEMENT PAGES
RFP Page 7 & 8.	RFP Page 7 & 8.
RFP Page 15 & 16.	RFP Page 15 & 16.
RFP Page 37 & 38.	RFP Page 37 & 38.
RFP Page 39 & 40.	RFP Page 39 & 40.
Exhibit A. Page 13 & 14.	Exhibit A. Page 13 & 14.
Exhibit E. Page 3 & 4.	Exhibit E. Page 3 & 4.

Do your part to help California save energy. To learn more about saving energy, visit the following web site:  
[www.consumerenergycenter.org/flex/index.html](http://www.consumerenergycenter.org/flex/index.html)

Interested Parties  
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**ELECTRONIC VERSION**

REMOVE EXISTING PAGES	ADD NEW/REPLACEMENT PAGES
RFP Page 7.	RFP Page 7.
RFP Page 15.	RFP Page 15.
RFP Page 37.	RFP Page 37.
RFP Page 38.	RFP Page 38.
RFP Page 40.	RFP Page 40.
Exhibit A. Page 14.	Exhibit A. Page 14.
Exhibit E. Page 4.	Exhibit E. Page 4.

Thank you for your continued interest in the Medi-Cal Workers' Compensation Recovery Program Northern Region procurement effort. If you should have any questions, please call Jesse Tanguileg, lead analyst assigned to this procurement, at (916) 323-7406.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donna Martinez" with a flourish underneath.

Donna Martinez, Chief  
Office of Medi-Cal Procurement

## **C. Contract Term**

The term of the resulting agreement is expected to be 36 months and is anticipated to be effective from July 1, 2003 through June 30, 2006. The agreement term may change if DHS makes an award earlier than expected or if DHS cannot execute the agreement in a timely manner due to unforeseen delays. The State shall retain the exclusive right to exercise the option to extend the term of the contract during the last twelve months of the contract, as determined by the original end date or by a new end date if an extension has been exercised. The State may invoke up to two separate extensions of one year each.

The resulting contract will be of no force or effect until it is signed by both parties and approved by the Department of General Services (DGS), if required. The Contractor is hereby advised not to commence performance until all approvals have been obtained. Should performance commence before all approvals are obtained, said services may be considered to have been volunteered, if all approvals are not obtained.

## **D. Proposer Questions**

Immediately notify DHS if you need clarification about the services sought or have questions about the RFP instructions or requirements. Put your inquiry in writing and transmit it to DHS as instructed below. At its discretion, DHS reserves the right to contact an inquirer to seek clarification of any inquiry received.

Proposers that fail to report a known or suspected problem with the RFP or fail to seek clarification and/or correction of the RFP shall submit a proposal at their own risk.

If an inquiry appears to be unique to a single firm or is marked "Confidential", DHS will mail or fax a response only to the inquirer if DHS concurs with the Proposer's claim that the inquiry is sensitive or proprietary in nature. If DHS does not concur, the inquiry will be answered in the manner described herein and the Proposer will be so notified. Inquiries and/or responses that DHS agrees should be held in confidence shall be held in confidence only until the Notice of Intent to Award is posted.

To the extent practical, inquiries shall remain as submitted. However, DHS may consolidate and/or paraphrase similar or related inquiries.

### **1. What to include in an inquiry**

- a. Your name, name of your firm, mailing address, area code and telephone number, and fax number.
- b. A description of the subject or issue in question or discrepancy found.
- c. RFP section, page number or other information useful in identifying the specific problem or issue in question.
- d. Remedy sought, if any.

A proposer that desires clarification about specific RFP requirements and /or whose inquiry relates to sensitive issues or proprietary aspects of a proposal may submit individual inquiries that are marked "Confidential". The Proposer must include with its inquiry an explanation as to why it believes questions marked "Confidential" are sensitive or surround a proprietary issue.

### **2. Question Deadline**

DHS will accept questions or inquiries about the following issues if such inquiries are received prior to the proposal submission deadline.

Proposers are encouraged to submit written inquiries about this RFP to DHS no later than two (2) working days before the Pre-Proposal Conference date so answers can be prepared in advance. DHS will accept written or faxed inquiries received by 4:00 p.m. on February 10, 2003. At its discretion, DHS may contact an inquirer to seek clarification of any inquiry received.

### 3. How to Submit Questions

Submit inquiries using one of the following methods.

U.S. Mail, Hand Delivery or Overnight Express:	Fax:
<b>Questions RFP 02-25737</b> Department of Health Services Office of Medi-Cal Procurement Attention: Jesse Tanguileg 600 North 10 <sup>th</sup> Street, Room 240C P.O. Box 942732 Sacramento, CA 94234-7320	<b>Questions RFP 02-25737</b> Department of Health Services Office of Medi-Cal Procurement Attention: Jesse Tanguileg  <b>Fax: (916) 323-7456</b>

Proposers submitting inquiries by fax are responsible for confirming the receipt of all faxed materials by the question deadline.

Call Jesse Tanguileg at (916) 323-7406 to confirm faxed transmissions.

### Proposer Warning

DHS' internal processing of U.S. mail may add 48 hours or more to the delivery time. If you mail your questions, consider using certified or express mail and request a receipt upon delivery. If you choose hand delivery, allow sufficient time to locate parking and to sign-in at the security desk.

For driving and parking instructions, see Appendix 1.

### 4. Verbal Questions

Verbal inquiries are discouraged. DHS reserves the right not to accept or respond to verbal inquiries. **Spontaneous verbal remarks provided in response to verbal inquiries are unofficial and are not binding on DHS unless later confirmed in writing.**

Direct all verbal requests for DVBE assistance to DHS' DVBE coordinator at (916) 324-0140 up to the proposal deadline.

## E. Data Library

A Data Library for the sole use of Proposers will be established on **February 3, 2003**. The Data Library will be accessible **by appointment** on State working days Monday through Friday from 8:00 a.m. to noon, and 1:00 p.m. to 4:00 p.m. Access to the Data Library is restricted to authorized proposers and/or their authorized representatives who have established an advanced appointment through the process described below. Your organization must have a complete, signed set of Authorization Documents on file with the Office of Medi-Cal Procurement. All Authorization Documents (available upon request) shall be signed by the same official and include:

### 3. Content Requirements

This section specifies the order and content of each proposal. Assemble the materials in each proposal set in the following order:

a. Proposal Cover Page

A person authorized to bind the Proposer must sign the Proposal Cover Page (**Attachment 1**). If the Proposer is a corporation, a person authorized by the Board of Directors to sign on behalf of the Board must sign the Proposal Cover Page.

b. Table of Contents

Properly identify each section and the contents therein. Paginate all items in each section with the exception of those items placed in the Forms Section and Appendix Section.

c. Executive Summary Section

In preparing your Executive Summary, do not simply restate or paraphrase information in this RFP. ~~In three (3) pages or less~~, describe or demonstrate, in your own words, the following information.

- 1) Your understanding of DHS' needs and the importance of this project.
- 2) The tangible results that you expect to achieve.
- 3) Your firm's sincere commitment to perform the scope of work in an efficient and timely manner.
- 4) How you will effectively integrate this project into your firm's current obligations and existing workload.
- 5) Why your firm should be chosen to undertake this work at this time.
- 6) A description of all resources available to support the Proposers performance of all obligations under contract, including the full performance by any subcontractors.
- 7) An attestation that this contract will be high priority to the Proposer and that the Proposer is committed to supplying any necessary resources to meet the contractual obligations.
- 8) If subcontractors are included as a part of the Proposer's technical proposal, the attestation of each subcontractor that this contract is of high priority to the subcontractor and that the subcontractor is committed to supplying any necessary resources to meet contractual obligations.
- 9) If the Proposer is a subsidiary organization, the attestation of the parent organization that this contract is of high priority to the parent organization, and that the parent organization is committed to supplying any necessary resources to assure full performance of the contract.
- 10) Proposer commitment to research, develop and produce Medi-Cal case recoveries related to WC actions.

- 11) The priority this contract will have among the range of activities and projects conducted by the Proposer.

d. Agency Capability Section

- 1) Include a brief history of your firm, including:

- a) Date of establishment. If applicable, explain any changes in your business history or organizational structure that will assist DHS in determining your qualifications.
- b) A description of your firm's goals that are relevant, closely related, or will complement this project.

- 2) Describe the experience that qualifies your firm to undertake this project. At a minimum, demonstrate your firm's possession of three consecutive years of experience of the types listed in this section. All experience must have occurred within the past five years. It is possible to attain the experience types listed below during the same time period. The Proposers must have experience:

- a) At least three consecutive years of experience of the type(s) listed below. All experience must have occurred within the past five years. It is possible to attain the experience types listed below during the same time period. Each Proposer must have the legal capacity to enter into a contract with the State and must meet the State's financial viability requirements. If a Proposer is bidding for more than one region, it must meet the cumulative financial requirements for each Region. Any contract awarded to a Proposer must identify such Proposer as the contractor, who shall assume all rights and responsibilities.
- b) The Proposer must have relevant prior experience similar to the Scope of Work described by this RFP, and which demonstrates the Proposers ability to perform such work. Such experience may consist of a combination of experience either by the Proposer or by a parent corporation of the Proposer, or the relevant work experience of a subcontractor. If the prior experience and demonstrated ability requirements are to be met by the experience of subcontractors, documentation of the subcontractors' experience and ability must be formally submitted and accepted as part of the Proposers' Technical Proposal. Consideration will be given to the takeover, development, modification and/or operation of any recovery program with particular emphasis on:

- Worker's Compensation Recovery Programs
- Medicaid Programs
- Other Third Party Liability Recovery Programs

- 3) Briefly, describe the accounts or work projects begun and/or completed in the past three years that involved services similar in nature or closely related to the Scope of Work in this RFP. For each account or project listed, include the following information:

- a) Name of agency or firm for whom services were performed.
- b) Duration or length of the project.

## 6. Start-Up/Take-Over

Start-Up/Take-Over Plan Rating Factors	Points Possible	Points Earned
To what extent does the Start-Up/Take-Over Plan identify how and when the automated systems will be developed, tested, and implemented? Systems include accounting functions, EDEX, WCAB matches with DIR, MEDS access, etc.	3	
To what extent does the Take-Over Plan detail how the systems will support electronic data matches, data collection, recovery and identification data, and the Medi-Cal claims management and accounting functions?	3	
To what extent does the plan define the step-by-step approach for the Proposer to successfully complete the entire start-up functions?	3	
To what extent does the plan include all start-up deliverables as required in the RFP?	3	
To what extent does the plan address foreseeable difficulties in transition to minimize the disruption of existing services and offer methods that resolve and/or avoid any problems that may occur?	3	
<b>Start-Up/Take-Over Score</b>	<b>15 possible points. Points earned = _____</b>	

## 7. Scope of Work

Scope of Work	Points Possible	Points Earned
<p>To what extent has the Proposer described the capability to develop an effective and efficient case management system to administer the Medi-Cal WCRP Recovery Program?</p> <p><u>Considerations</u></p> <p>Does the Proposer:</p> <ul style="list-style-type: none"> <li>a. Have a basic knowledge of the major RFP requirements?</li> <li>b. Understand the nature of the work?</li> <li>c. Have a knowledge and understanding of workload management?</li> <li>d. Have controls to measure effectiveness and efficiency of systems?</li> <li>e. Have the necessary resources to perform the requirements of this RFP?</li> </ul>	3	

Scope of Work	Points Possible	Points Earned
<p>To what extent does the Proposer give a comprehensive detailed description of its capability to develop policies and procedures for the case management systems?</p> <p><u>Considerations</u></p> <p>Do the Proposer's policies and procedures:</p> <ol style="list-style-type: none"> <li>Correspond with the proposed case management system?</li> <li>Sufficiently identify and detail each phase of the case management system?</li> </ol>	3	
<p>To what extent does the Proposer's case management system demonstrate the ability to identify and develop case referrals?</p> <p><u>Considerations</u></p> <p>Does the Proposer:</p> <ol style="list-style-type: none"> <li>Indicate a method to identify and develop WC case referrals via electronic data matches of Medi-Cal payment and WC or employer payment?</li> <li>Identify other referrals sources that will be utilized?</li> </ol>	3	
<p>To what extent does the Proposer's case management system demonstrate the ability to create and update Medi-Cal itemizations of services as required in this RFP?</p> <p><u>Considerations</u></p> <p>Does the Proposer:</p> <ol style="list-style-type: none"> <li>Identify the Data and Payment Sources listed in this chapter as resources that will be utilized in the creation the itemizations of services?</li> <li>Indicate how this function will be monitored for accuracy? Identify how future updates of itemizations will be scheduled and/or monitored?</li> </ol>	3	
<p>To what extent does the Proposer's case management systems identify and describe the methods used to ensure timely filing of Medi-Cal liens with the WCAB?</p> <p><u>Considerations</u></p> <p>Has the Proposer indicated:</p> <ol style="list-style-type: none"> <li>Filing directly with WCAB?</li> <li>Electronic filing utilizing the EDEX System?</li> </ol>	3	



Scope of Work	Points Possible	Points Earned
<p>To what extent does the Proposer's case management system identify the methods used to notify all involved parties of the Department's Third Party Liability reimbursement rights?</p> <p><u>Considerations</u></p> <p>Does the Proposer identify the following methods:</p> <ul style="list-style-type: none"> <li>a. Legal filings?</li> <li>b. Verbal communication?</li> </ul>	3	
<p>To what extent does the Proposer's case management system demonstrate the capacity to monitor the status of established cases?</p> <p><u>Considerations</u></p> <p>Do the Proposer's systems:</p> <ul style="list-style-type: none"> <li>a. Provide for regularly updating Medi-Cal liens (ongoing treatment)?</li> <li>b. Provide for updating status of cases that are pending settlement?</li> <li>c. Include the utilization of the EDEX Systems as a monitoring tool?</li> </ul>	3	
<p>To what extent does the Proposer demonstrate the capability to develop an accounting system that will provide the necessary reports and/or deliverables and electronic audit trail/logs as required by this RFP?</p> <p><u>Considerations</u></p> <p>Does the Proposer:</p> <ul style="list-style-type: none"> <li>a. Have a basic knowledge of the RFP requirements?</li> <li>b. Understand the nature of the work?</li> <li>c. Possess a knowledge and understanding of accounting principles and procedures?</li> <li>d. Have a plan for data files, programs and documentation to be backed up and stored off site?</li> </ul>	3	

Scope of Work	Points Possible	Points Earned
<p>To what extent does the Proposer indicate that the legal representation to be provided will possess the expertise necessary to appear and negotiate settlements at WCAB conferences, hearings, trials or any other appearances necessary?</p> <p><u>Considerations</u></p> <p>Does the Proposer's legal representation possess:</p> <p>a. Extensive knowledge of the labor codes?</p> <p>b. Confirmed negotiation/recovery experience in a WCAB environment?</p>	3	
<p>To what extent does the Proposer indicate how the EDEX System will be utilized for the WCAB Recovery Program?</p> <p><u>Considerations</u></p> <p>Will the Proposer utilize this system:</p> <p>a. To file liens electronically?</p> <p>b. As an inquiry system to obtain information on specific cases?</p> <p>c. To monitor the status of established cases?</p>	3	
To what extent does the Proposer demonstrate the capability to achieve collections?	3	
To what extent does the Proposer maintain cases?	3	
<b>39 possible points. Points earned =</b>		

#### O. Cost Proposal Rating Factors

Raters will use the following criteria to score the Cost proposal.

Cost Proposal Rating Factors	Points Possible	Points Earned
Upon reviewing the Cost Proposal and Cost Proposal form, has the Proposer bid a reasonable cost recovery rate? Is the Proposer's cost recovery rate within the 25 percent set by statute?	3	
Has the Proposer included justification of the proposed cost recovery rate? Based on the justification to what degree does the Proposer substantiate a reasonable and/or appropriate cost recovery rate?	3	

## 1.6.2 ELECTRONIC DATA EXCHANGE SYSTEM (EDEX)

The Contractor will be required to gain and maintain access to the EDEX system operated by the Department of Industrial Relations', Division of Workers' Compensation (DWC). Access must be acquired and operational by the contract effective date and remain in effect for the duration of the contract.

The EDEX system allows subscribers and their clients to establish electronic communication between their desktop computer and the DWC database of workers' compensation cases. Specifically, subscribers can electronically file liens (including pre-application liens), receive notification of significant events in a case, and make inquiries about cases that are before the WCAB.

To access EDEX services, the Contractor must have the following:

- Applications' software capable of sending and receiving EDEX record formats. The Contractor may choose to develop its own customized EDEX software or use software developed by an outside vendor, service bureau, or information broker.
- Electronic mailbox for sending and receiving transmissions.
- EDEX account number. An application must be submitted to the DWC to obtain an EDEX account number.

The Contractor shall bear all costs associated with the accessing and utilizing of the EDEX system. The State will be held harmless for the failure of the DWC's EDEX to perform.

## 1.7 MISCELLANEOUS CONTRACTOR RESPONSIBILITIES

The Contractor shall provide all time, materials, and services necessary to perform the required work outlined in this RFP. The following represents additional responsibilities of the Contractor:

- A. Ensure that legal representatives providing services at WC conferences, hearings, trials, and other appearances deemed necessary, hold an active license with the California State Bar Association and be in good standing. Legal representatives, as defined under this contract, refers to attorneys hired to perform services for the Contractor.
- B. Bear the cost of Medi-Cal's fiscal intermediary Contractor computer linkage, contingent upon availability. The State will be held harmless for failure of the fiscal intermediary to perform.
- C. Develop an electronic data match of Medi-Cal payments and WC insurance carriers or employer payments to identify duplicate payments

- C. Develop an electronic data match of Medi-Cal payments and WC insurance carriers or employer payments to identify duplicate payments and initiate the recovery of these duplicate payments (non-appealed cases only).
- D. Develop and produce any forms necessary to perform contract-related functions. All such forms must be approved by the State prior to use.
- E. Contractors may not represent the State and competing interest simultaneously. Please refer to Exhibit E, Section 1.20, Conflict of Interest, Incompatible Activity of Contractor and Employees, for further information.
- F. The State reserves the right to determine lien priority in situations when multiple Medi-Cal recovery program cases exists for the same beneficiary (i.e., workers' compensation, personal injury, estate recovery).

## 1.8 REPORTS AND DELIVERABLES

As a condition of acceptance of a WCRP contract, the Contractor must maintain an accounting system that provides monthly and fiscal year end reports. The reports shall be electronically submitted to the State according to the timeframes indicated below following the close of the report period in a format acceptable to the State. The Contractor will maintain and submit separate transaction reports for WC and WCAB cases. Exhibit A, Section 1.8.1, Reporting Requirements, outlines the information that shall be included for each report type.

### 1.8.1 REPORTING REQUIREMENTS

Contractor shall furnish the following reports and/or summaries of account information to the Department:

- A. Monthly Open Case Report—A report of open cases shall be submitted to the Department within 5 days of the end of each month and shall include the following:
  1. Beneficiary Name
  2. Social Security Number
  3. Date of Lien Claim
  4. Lien Claim Amount
  5. Injury Date
  6. Amount Collected
  7. Contractor Fee
  8. Case Status
  9. Total Dollar Amount of Open Case Inventory
  10. Number of Open Cases

- C. California Labor Code, Section 3700;
- D. All other applicable laws and regulations.

Any Provision of this contract that is in conflict with the above laws, regulations, and federal Medicaid statutes is hereby amended to conform to the Provisions of those laws and regulations. Amendments to the contract shall be effective on the effective date of the statutes or regulations, and shall be binding on the parties even though such amendments may not have been reduced to writing and formally agreed upon and executed by the parties.

#### 1.4 AUTHORITY OF THE STATE

Sole authority to establish or interpret policy and its applications to the above areas resides with the State.

The Contractor may not make any limitations, exclusions, or changes in scope of work, any changes in definition or interpretation of terms; or any changes in the administration of the contract related to the scope of work, without the express, prior written direction or approval of the Contracting Officer.

#### 1.5 FULFILLMENT OF OBLIGATIONS

No covenant, condition, duty, obligation, or undertaking continued or made a part of this contract shall be waived except by written agreement of the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation or undertaking to be kept, performed, or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, conditions, duties, obligations, and undertakings is complete, the other party shall have the right to invoke any remedy available under this RFP, contract, or under law, notwithstanding such forbearance or indulgence.

#### 1.6 INSPECTION RIGHTS

The Contractor shall allow the State DHHS, the Federal Department of Health and Human Services, the Controller General of the United States, the State Auditor, and other authorized federal and state agencies, or their duly authorized representatives, to inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed under the contracts, and to inspect, evaluate, and audit any and all books, records, and facilities maintained by the Contractor and any subcontractors, pertaining to such services, at any time during normal business hours

without prior notice. Books and records include, but are not limited to, all physical records originated or prepared pursuant to the performance under this RFP, including working papers, reports, financial records and books of account files, subcontracts, sub-subcontracts, and any other documentation pertaining to medical, dental and non-medical services to Medi-Cal beneficiaries. Upon request, at any time during the period of this contract, the Contractor shall furnish any such record, or copy thereof, to the State or the Department of Health and Human Services within 30 days.

## 1.7 CONTRACT COMMUNICATION

All Notices under this RFP/contract shall be in writing and shall be deemed to have been given to the State and/or the Contractor when mailed to the following address:

Department of Health Services  
Attn: Contracting Officer  
WCRP  
591 North 7<sup>th</sup> Street, 2<sup>nd</sup> Floor  
P.O. Box 2471  
Sacramento, CA 95812-2471

Contract Name and Address  
Attn: Contractor's Representative

The Contracting Officer will accurately document receipt of such notices to the State. The information will be date stamped by the State mailroom upon receipt. The Contracting Officer will log all date stamped material and file in chronological order.

## 1.8 CONTRACT TERMS

### 1.8.1 CONTRACT EFFECTIVE DATE

The effective date of the contract shall be July 01, 2003, Daylight Savings Time.

### 1.8.2 TERM (LENGTH OF CONTRACT)

The term of the contract shall extend from the contract effective date for ~~three~~ years, subject to the State's and Contractor's right to terminate under the Termination provisions of the RFP, Exhibit E, Section 1.10.

### 1.8.3 CONTRACT EXTENSION

The State shall retain the exclusive right to exercise the option to extend the term of the contract during the last twelve months of the contract, as determined by the original end date or by a new end date if an extension